



OUE Commercial REIT

SGX-NH S-REITS Corporate Day
26 May 2020

Important Notice

This presentation should be read in conjunction with the announcements released by OUE Commercial REIT (“OUE C-REIT”) on 5 May 2020 (in relation to its Financial Results for 1st Quarter 2020).

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Investors should note that they will have no right to request the Manager to redeem their Units while the Units are listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The information and opinions contained in this presentation are subject to change without notice.

Agenda

- Overview
- Financial Performance and Capital Management
- Commercial Segment
- Hospitality Segment
- Update on COVID-19

Overview



Overview of OUE C-REIT

One of the
Largest Diversified
SGX-listed REITS

Total assets under management

s\$6.8billion⁽¹⁾

7 High quality prime assets

6 properties in Singapore and 1 property in Shanghai



OUE Bayfront



One Raffles Place



OUE Downtown Office



Lippo Plaza



Mandarin Orchard Singapore



Crowne Plaza Changi Airport



Mandarin Gallery

Strong Support
OUE Group

47.7% stake⁽¹⁾

Right of First Refusal ("ROFR") over OUE Limited's Assets

More than
in net lettable area **2.0** mil sq ft

1,640 upscale
hotel rooms

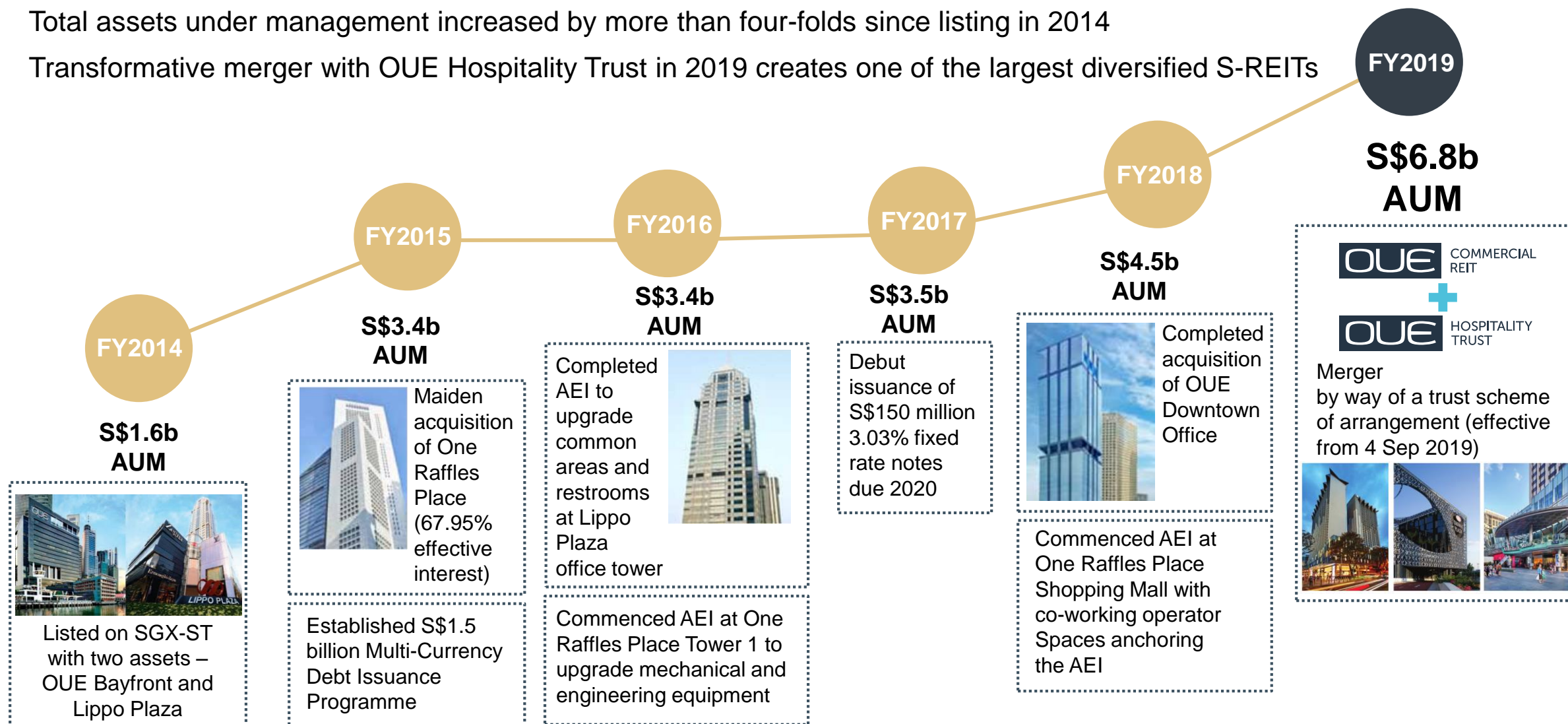
Investment Mandate

✓ Commercial
✓ Hospitality / Hospitality-related

(1) As at 31 March 2020

Milestones Since Listing

- Total assets under management increased by more than four-folds since listing in 2014
- Transformative merger with OUE Hospitality Trust in 2019 creates one of the largest diversified S-REITs



Premium Portfolio of Assets



	OUE Bayfront	One Raffles Place	OUE Downtown Office	Lippo Plaza	Mandarin Gallery	Mandarin Orchard Singapore	Crowne Plaza Changi Airport	Total
Description	Premium Grade A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place	Comprises two Grade A office towers and a retail mall located in Singapore's CBD at Raffles Place	Grade A office space, a mixed-used development with offices, retail and serviced residences at Shenton Way	Grade A commercial building located in Huangpu, one of Shanghai's established core CBD locations	Prime retail landmark on Orchard Road – preferred location for flagship stores of international brands	A world class hospitality icon in Singapore since 1971, MOS is the largest hotel along Orchard Road	Located at Singapore Changi Airport and close to Changi Business Park with seamless connectivity to Jewel Changi Airport	NLA: Office: 1,869,003 Retail: 307,561 Overall: 2,176,564 1,640 hotel rooms
Attributable NLA (sq ft)	Office: 378,692 Retail: 21,132	Office: 598,814 Retail: 99,370	Office: 530,487	Office: 361,010 Retail: 60,776	Retail : 126,283	1,077 hotel rooms	563 hotel rooms	
Occupancy⁽¹⁾	Office: 100.0% Retail: 98.9% Overall: 99.9%	Office: 94.0% Retail: 99.1% Overall: 94.8%	Office: 94.6%	Office: 85.8% Retail: 90.7% Overall: 86.5%	Retail: 97.8%	-	-	Office: 93.9% Retail: 97.0% Overall: 94.3%
Leasehold Tenure	OUE Bayfront & OUE Tower: 99 yrs from 12 Nov 2007 OUE Link: 15 yrs from 26 Mar 2010 Underpass: 99 yrs from 7 Jan 2002	Office Tower 1: 841 yrs from 1 Nov 1985 Office Tower 2: 99 yrs from 26 May 1983 75% of Retail mall: 99 yrs from 1 Nov 1985	99 yrs from 19 July 1967	50 yrs from 2 July 1994	99 yrs from 1 July 1957	99 yrs from 1 July 1957	74 yrs from 1 July 2009	-
Valuation⁽²⁾	S\$1,181.0m (S\$2,954 psf)	S\$1,862.0m ⁽³⁾ (S\$2,667 psf)	S\$912.0m (S\$1,719 psf)	RMB2,950.0m / RMB50,409 psm GFA S\$603.9m ⁽⁴⁾ (S\$1,432 psf)	S\$493.0m (S\$3,904 psf)	S\$1,228.0m (S\$1.1m / key)	S\$497.0m (S\$0.9m / key)	S\$6,776.9m

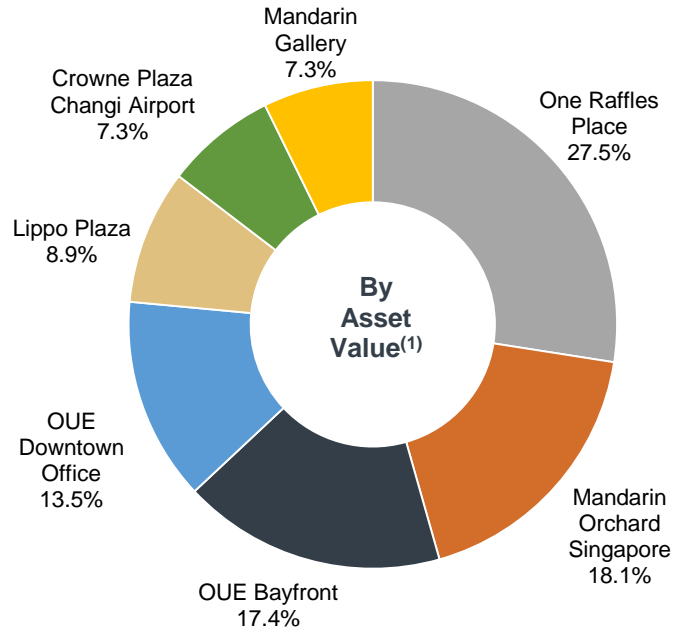
(1) Committed Occupancy as at 31 March 2020

(2) As at 31 December 2019

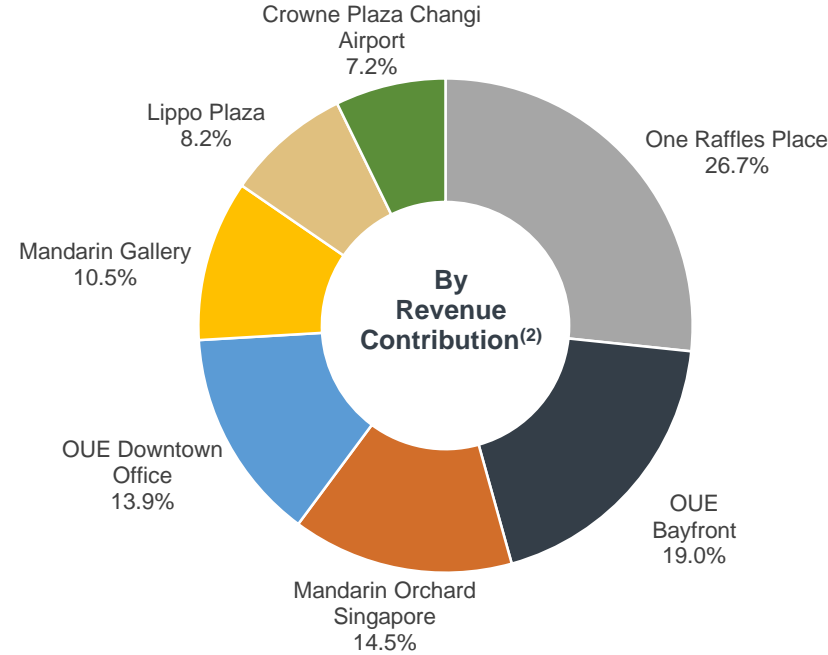
(3) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE C-REIT has an indirect 83.33% interest in OUB Centre Limited held via its wholly-owned subsidiaries

(4) Based on SGD:CNY exchange rate of 1:4.885 as at 31 March 2020

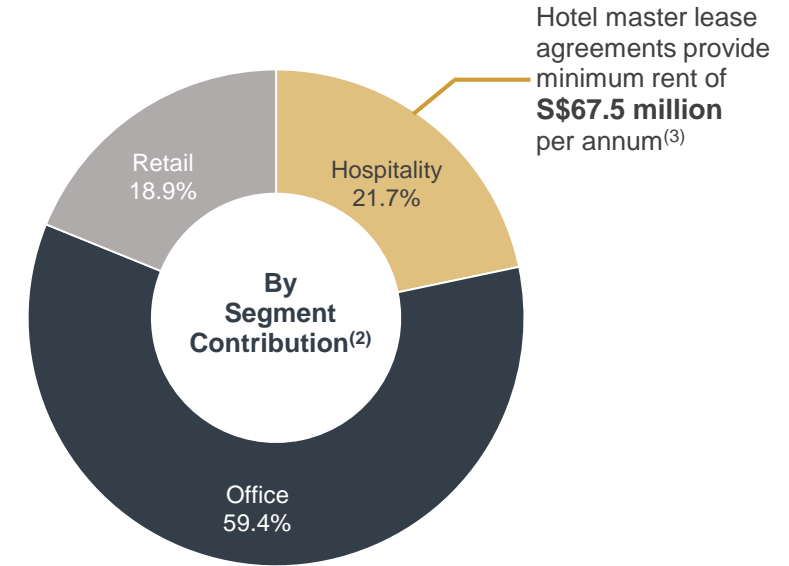
Portfolio Composition



■ 91.1% of assets under management in Singapore



■ No single asset contributes more than 26.7% to total revenue



■ Hospitality segment revenue was supported by the minimum rent under the hotels' respective master lease agreements

Commercial segment comprises the office and/or retail contribution from OUE Bayfront, One Raffles Place (67.95% effective interest), OUE Downtown Office, Lippo Plaza (91.2% strata interest) and Mandarin Gallery

(1) Based on independent valuations as at 31 December 2019 and SGD:CNY exchange rate of 1:4.885

(2) For 1Q 2020

(3) Mandarin Orchard Singapore and Crowne Plaza Changi Airport's master lease agreements are subject to a minimum rent of S\$45.0 million and S\$22.5 million per annum respectively, totalling S\$67.5 million per annum

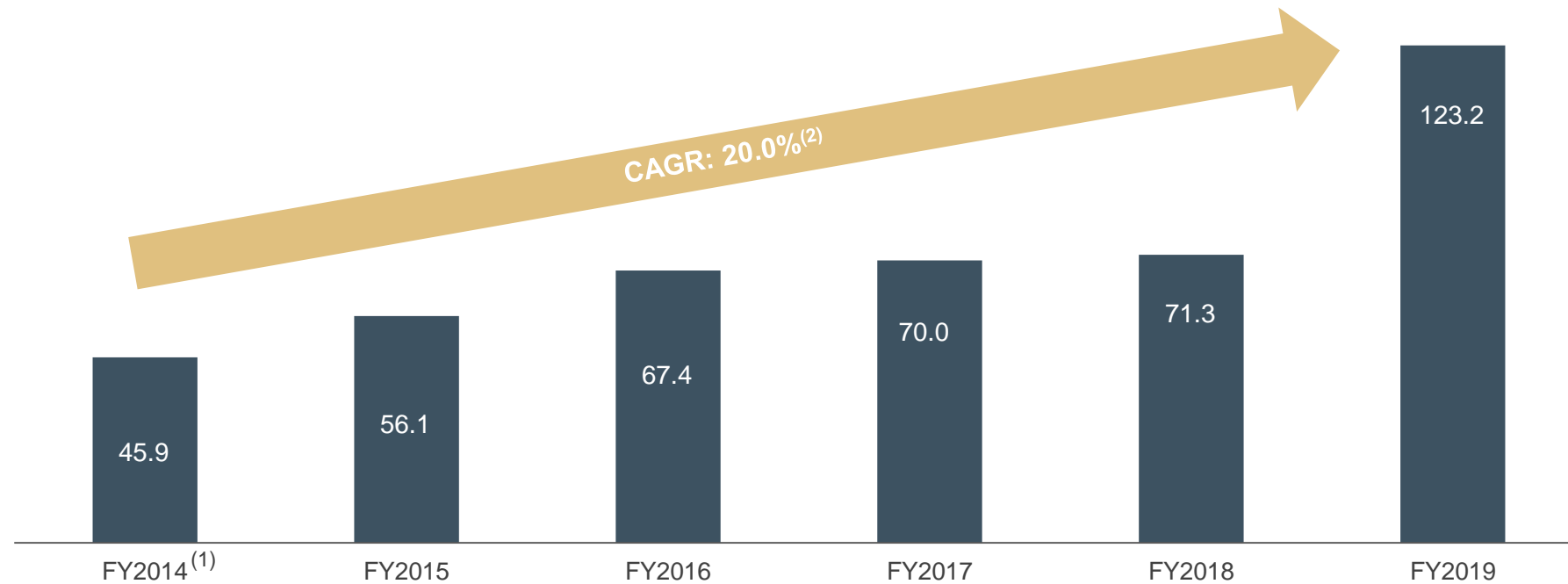
Financial Performance & Capital Management



Growth in Distribution

Distribution Since IPO

(S\$ million)



(1) Period from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

(2) Calculated on the basis of annualised amount available for distribution for the period from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

1Q 2020 Key Highlights

Financial Highlights

Revenue

S\$77.7 million

▲ 40.5% YoY

Net Property Income

S\$62.1 million

▲ 42.5% YoY

Amount Available for
Distribution

S\$37.6 million

▲ 44.5% YoY

Portfolio Performance

Commercial Segment
Committed Occupancy

94.3%

1Q 2019: 94.0%

Singapore Office
Rental Reversions

7.9% - 16.7%

Minimum rent for
Hospitality Segment

S\$67.5 million p.a.

provides downside protection

Capital Management

Aggregate
Leverage

40.2%

1Q 2019: 39.4%

Weighted Average
Cost of Debt

3.2%

1Q 2019: 3.5%

% Fixed Rate Debt

76.6%

1Q 2019: 71.6%

Established

S\$2.0 billion

Multi-Currency Debt
Issuance Programme

1Q 2020 Key Highlights

Rebranding of Mandarin Orchard Singapore

- Transformational rebranding to Hilton Singapore Orchard announced on 26 March 2020
- Addition of new income generating spaces to drive growth in sustainable returns and value
- Major refurbishments to take place from 2Q 2020 onwards to capitalise on weak operating environment due to COVID-19
- Re-branded hotel set to become Hilton's flagship in Singapore and the largest Hilton hotel in Asia Pacific
- Downside protection from the minimum rent embedded within the hotel master lease arrangement throughout phased renovation and ramping-up period

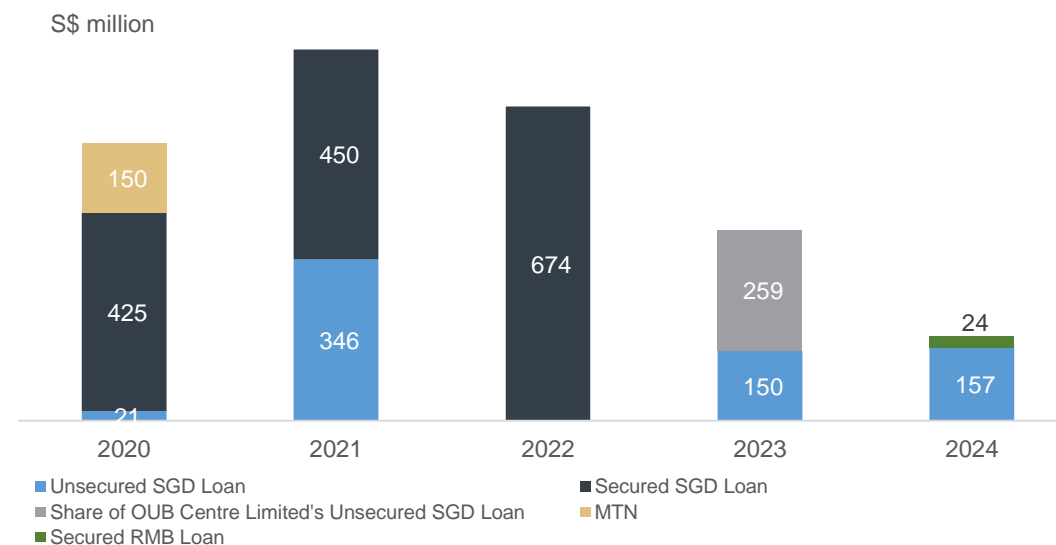
Capital Expenditure	Expected ROI on Stabilised Basis	Commencement of Refurbishment	Relaunch of largest Hilton hotel in Asia Pacific
~S\$90.0 million	~10%	2Q 2020	2022

Capital Management

- S\$2.0 billion multi-currency debt issuance programme established on 20 March 2020 enables OUE C-REIT to tap on diversified sources of funding
- 2020 debt to be refinanced ahead of maturity, with average cost of debt expected to remain stable

	As at 31 Mar 2020	As at 31 Dec 2019
Aggregate Leverage	40.2%	40.3%
Total debt	S\$2,656m ⁽¹⁾	S\$2,648m ⁽²⁾
Weighted average cost of debt	3.2% p.a.	3.4% p.a.
Average term of debt	1.9 years	2.2 years
% fixed rate debt	76.6%	75.0%
% unsecured debt	40.7%	40.6%
Average term of fixed rate debt	2.1 years	1.9 years
Interest coverage ratio⁽³⁾	2.9x	2.9x

Debt Maturity Profile as at 31 March 2020



(1) Based on SGD:CNY exchange rate of 1:4.885 as at 31 Mar 2020 and includes OUE C-REIT's share of OUB Centre Limited's loan

(2) Based on SGD:CNY exchange rate of 1:5.171 as at 31 Dec 2019 and includes OUE C-REIT's share of OUB Centre Limited's loan

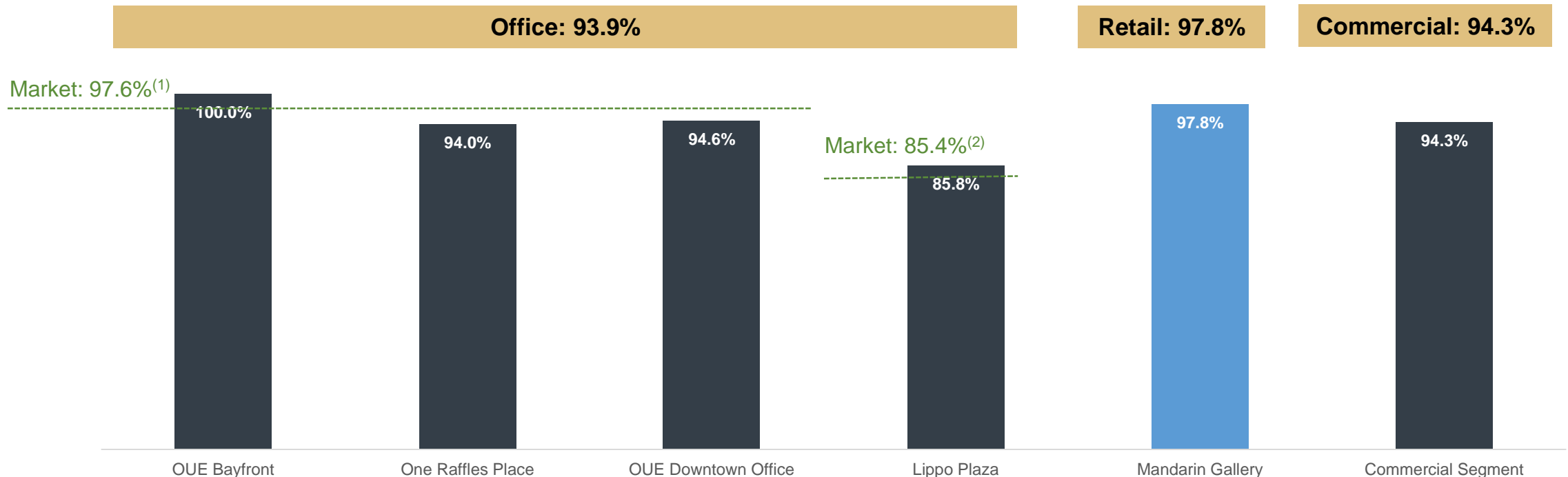
(3) Interest coverage ratio ("ICR") as prescribed under Appendix 6 of the Monetary Authority of Singapore's Code on Collective Investment Schemes (last revised on 16 April 2020). ICR for 31 December 2019 has been restated accordingly

Commercial Segment



Healthy Commercial Segment Occupancy

- Commercial segment committed occupancy of 94.3% as at 31 March 2020, with increased committed office occupancy at OUE Bayfront and OUE Downtown Office
- Lippo Plaza's committed office occupancy declined 4.1 percentage points ("ppt") quarter-on-quarter ("QoQ") to 85.8% as at 31 March 2020, in line with overall Shanghai CBD Grade A office occupancy of 85.4% for the same period
- Mandarin Gallery's committed occupancy recorded a slight decrease of 0.5 ppt QoQ to 97.8%



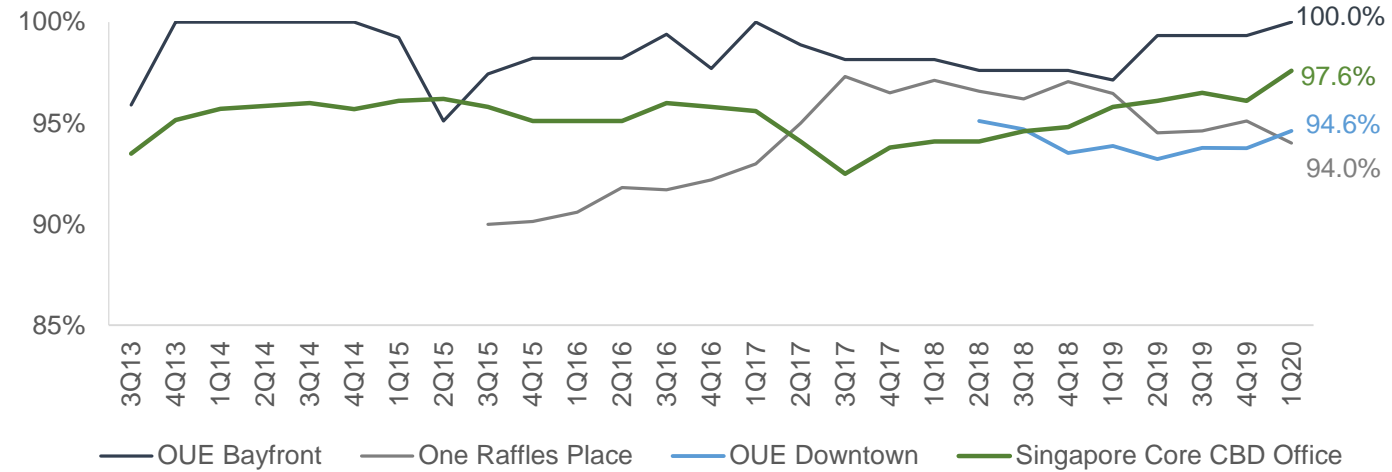
As at 31 Mar 2020

(1) Source: CBRE Singapore MarketView 1Q 2020 for Singapore Grade A office occupancy of 97.6%

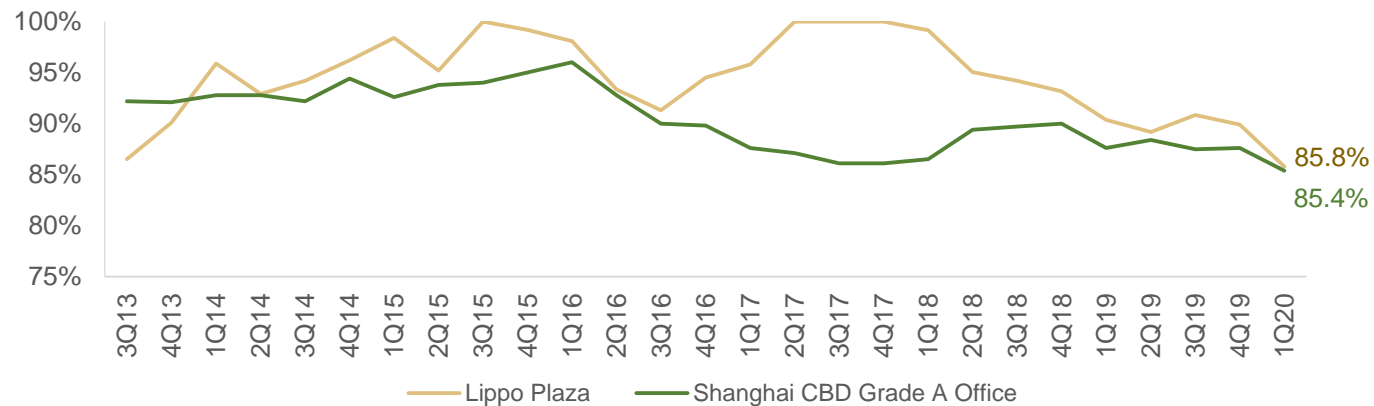
(2) Source: Colliers Shanghai Office Property Market Overview 1Q 2020 for Shanghai CBD Grade A office occupancy of 85.4%

Resilient and Steady Office Occupancy

Singapore



Shanghai



Committed Office Rents In Line Or Above Market

- OUE C-REIT's office properties continued to achieve rents which were in line or above their respective market rents
- Continued to record positive rental reversions across Singapore office properties in 1Q 2020, ranging from 7.9% to 16.7%

1Q 2020	Average Expired Rents	Committed Rents ⁽¹⁾	Sub-market	Comparable Sub-market Rents	
				Colliers ⁽²⁾	Savills ⁽³⁾
Singapore					
OUE Bayfront	S\$12.64	S\$12.80 – S\$15.30	New Downtown/ Marina Bay	S\$12.27	S\$12.98
One Raffles Place	S\$9.71	S\$10.00 – S\$11.30	Raffles Place	S\$10.51	S\$10.17
OUE Downtown Office	S\$7.20	S\$8.40 – S\$8.90	Shenton Way/ Tanjong Pagar	S\$10.31	S\$8.91 – S\$9.26
Shanghai					
Lippo Plaza	RMB8.63	RMB8.10 – RMB9.50	Puxi	RMB9.15	RMB8.95

(1) Committed rents for renewals and new leases

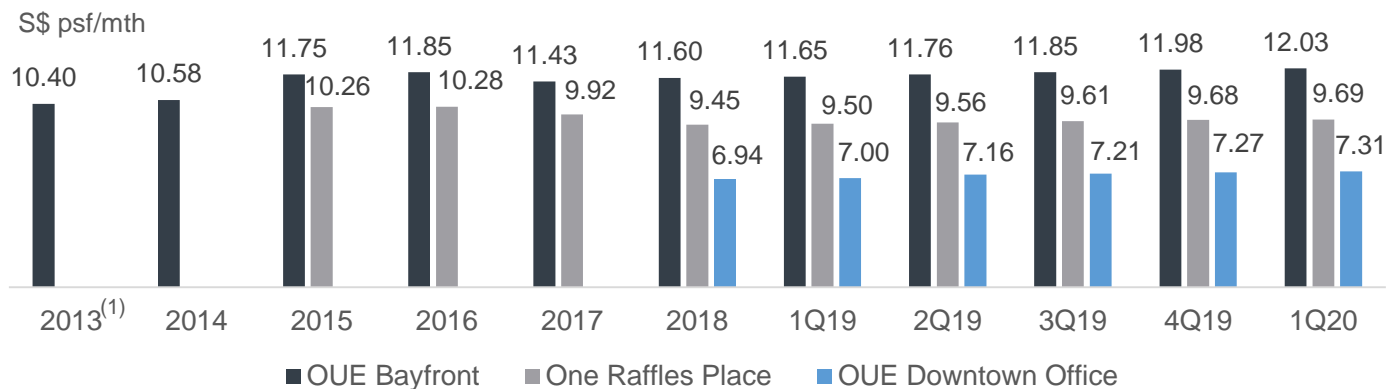
(2) Source: Colliers Singapore Office Quarterly 1Q 2020 for Singapore comparable sub-market rents; Colliers Shanghai Office Property Market Overview 1Q 2020 for Shanghai comparable sub-market rents

(3) Source: Savills Singapore Office Briefing 1Q 2020 for Singapore comparable sub-market rents; Savills Shanghai Office Market in Minutes Update 3Q 2019 for Shanghai comparable sub-market rents

Note: For reference, CBRE Research's 1Q 2020 Grade A Singapore office rent is S\$11.50 psf/mth. Sub-market rents are not published

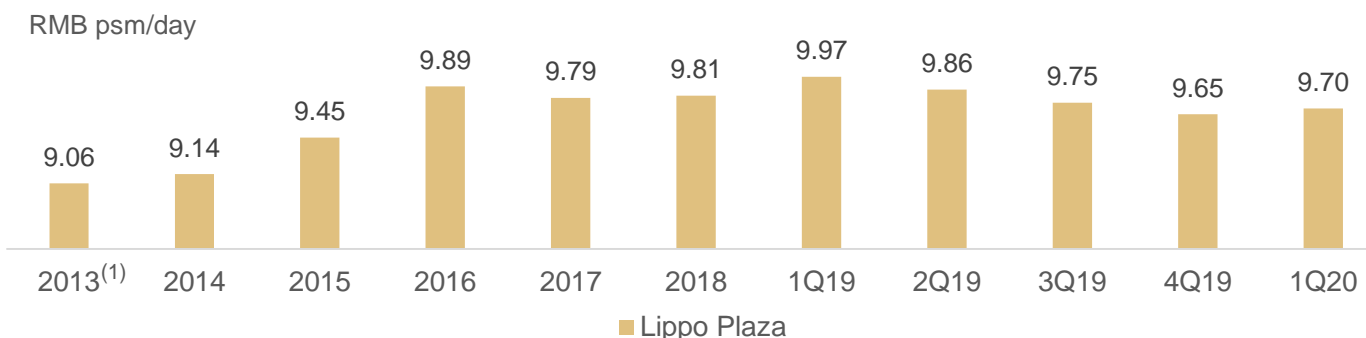
Average Passing Rents

Singapore (Office)



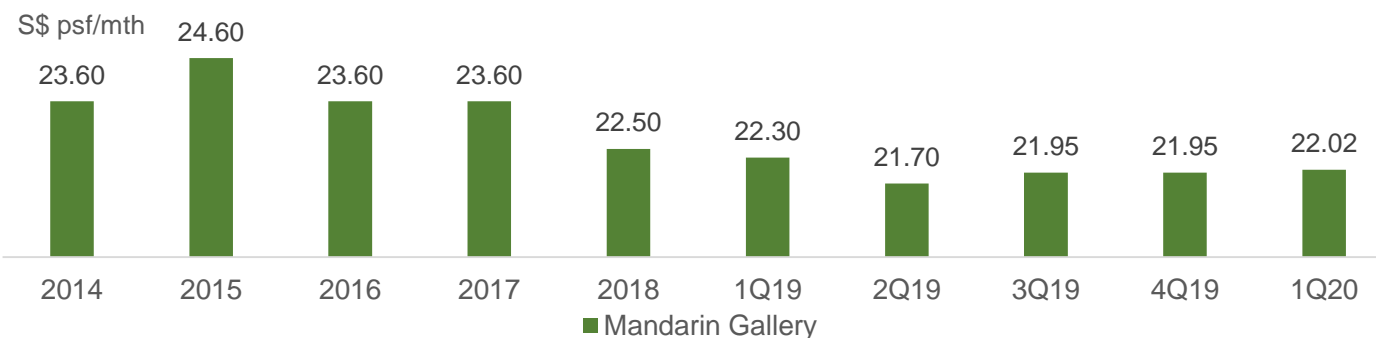
- Average passing office rent for all Singapore office properties improved as at 1Q 2020 due to consecutive quarters of positive rental reversions

Shanghai (Office)



- Lippo Plaza's average passing office rent was RMB9.70 psm/day as of March 2020

Mandarin Gallery

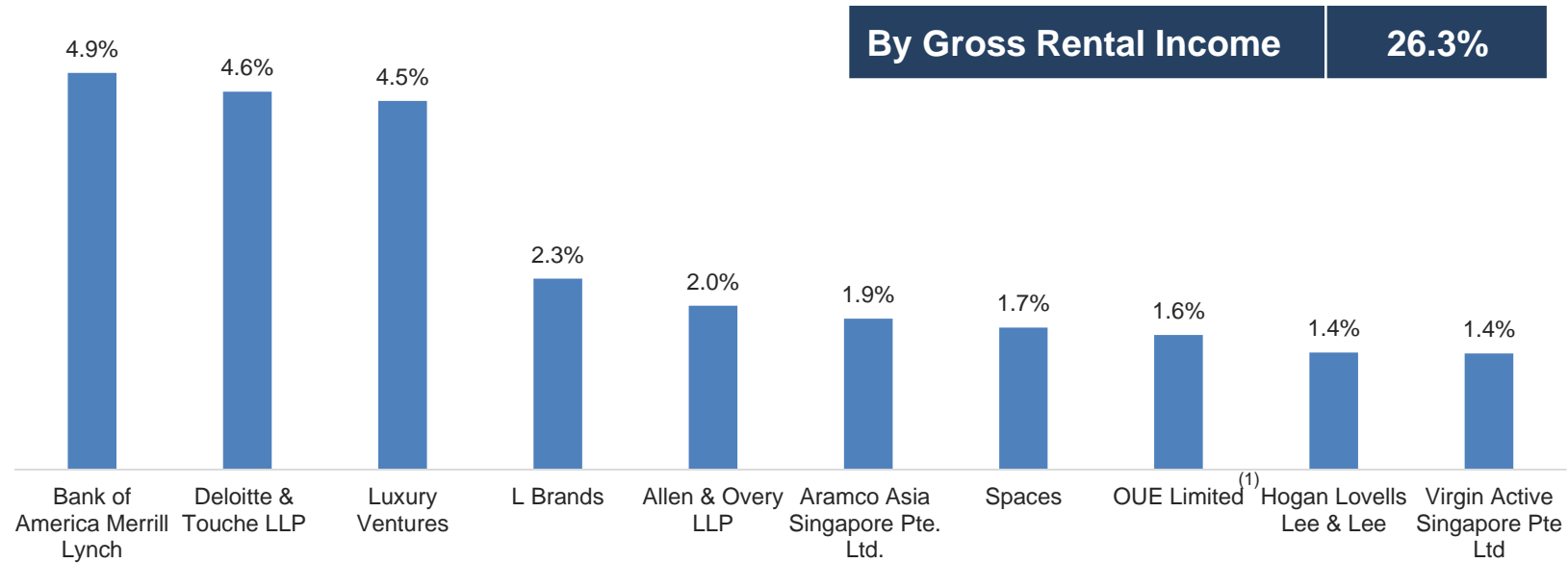


- Average retail rent at Mandarin Gallery remained stable in 1Q 2020

(1) Proforma average passing rents as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

Top 10 Tenants – Commercial Segment

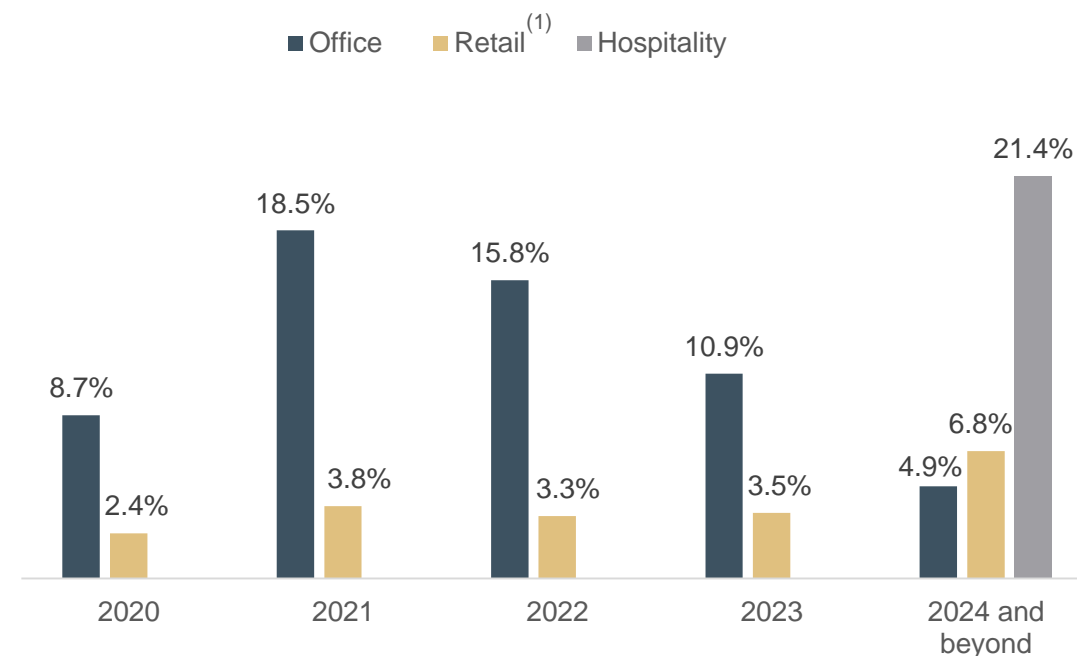
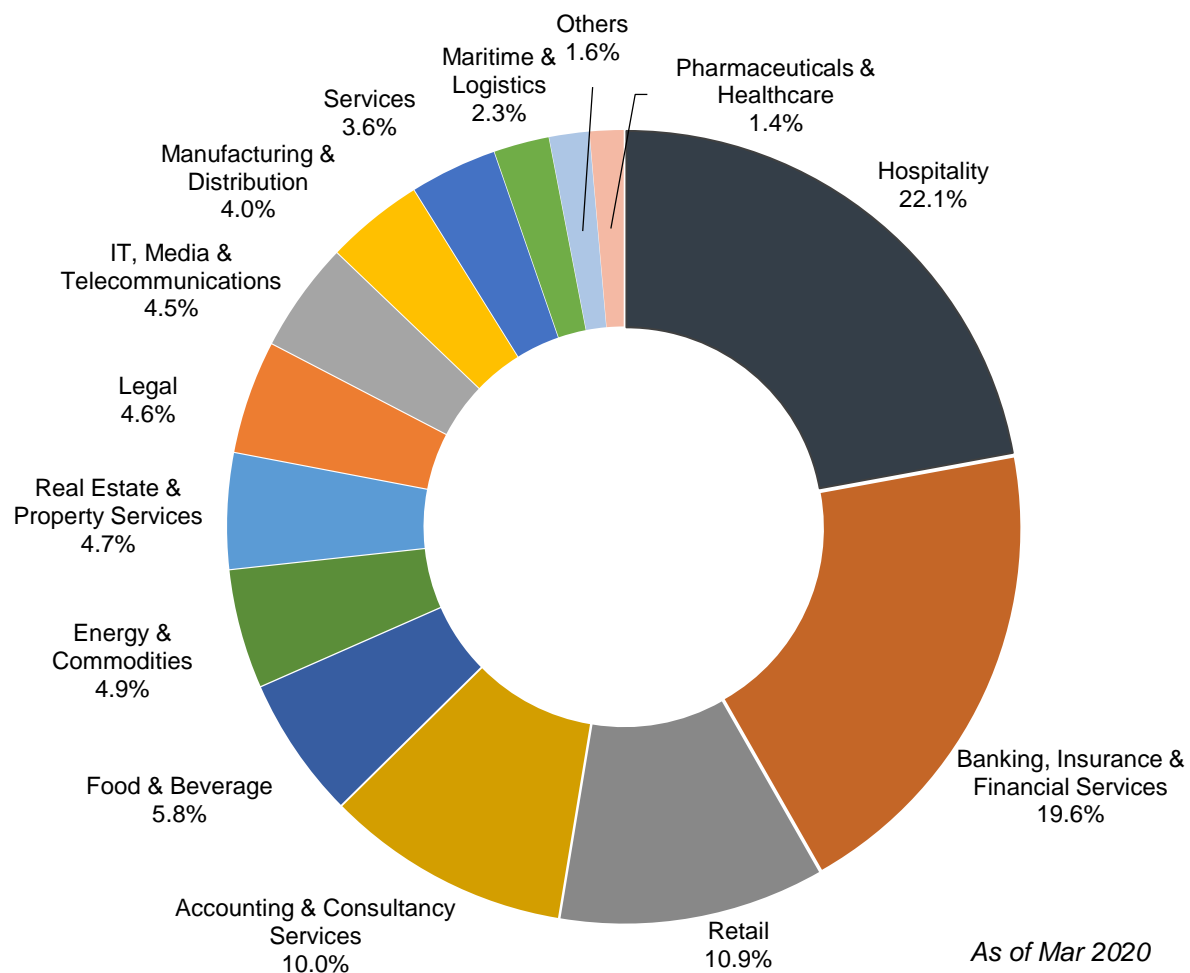
Top 10 Tenants



As of Mar 2020

(1) Including the hotel master lease arrangements for Mandarin Orchard Singapore and Crowne Plaza Changi Airport, where OUE Limited is the master lessee, OUE Limited's contribution to the portfolio by gross rental income is 23.4%

Tenant Base and Lease Expiry Profile – All Segments



WALE⁽²⁾ of 3.6 years by Gross Rental Income

As at 31 Mar 2020

(1) Refers to contribution from Mandarin Gallery and all other retail components within OUE C-REIT's portfolio

(2) "WALE" refers to the weighted average lease term to expiry. Based on committed tenancies and excludes turnover rent

Hospitality Segment

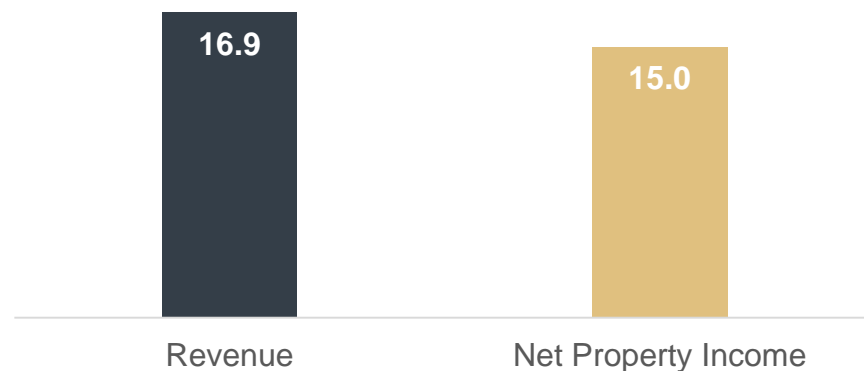


Portfolio Performance – Hospitality

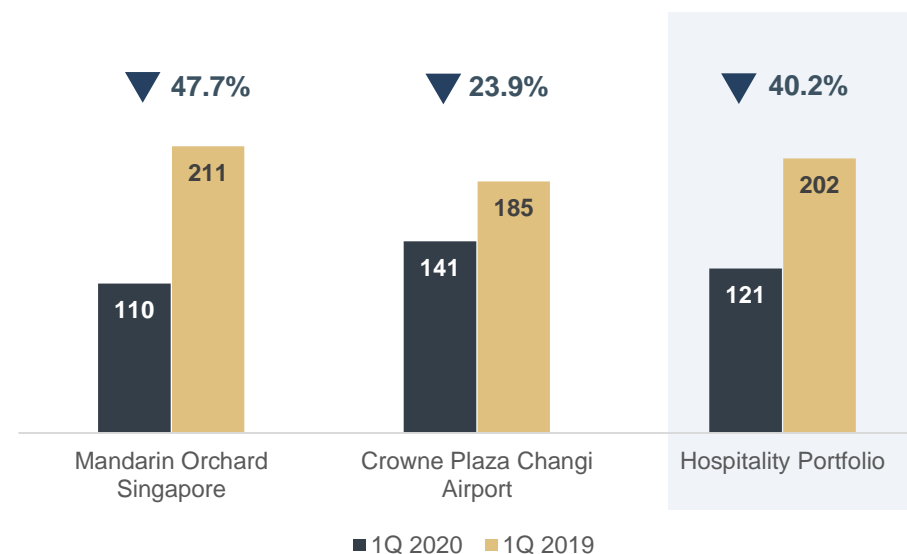
1Q 2020

1Q 2020

(S\$ million)



1Q 2020 RevPAR (S\$)



- Both hotel properties saw a strong start to the year but as strict travel restrictions were progressively imposed from end January 2020, there was significant loss of demand from tourist arrivals as well as postponement and cancellation of planned MICE and social events. Although there was replacement demand from those on self-isolation as well as workers affected by border shutdowns, the operating environment remained weak
- 1Q 2020 RevPAR at Mandarin Orchard Singapore declined 47.7% to S\$110, while Crowne Plaza Changi Airport recorded a lower decline of 23.9% to S\$141. Revenue for the hospitality segment in 1Q 2020 was at minimum rent of S\$16.9 million

Re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard



Transformational re-branding with addition of new income-generating spaces to drive growth in sustainable returns and value



Rebranding will allow the hotel to leverage on Hilton's strong brand recognition and global sales & distribution network



Re-branded hotel set to become Hilton's flagship in Singapore and the largest Hilton hotel in Asia-Pacific



Major refurbishments to take place from 2Q 2020 onwards to capitalise on weak operating environment due to COVID-19



Expected re-launch of hotel in 2022

Income assurance for Unitholders

Downside protection from master lease throughout phased renovation and ramping-up period

Approximately **10%** expected return on investment on a stabilised basis

Value Creation of Mandarin Orchard Singapore Re-branding

- Expected capital expenditure for the re-branding exercise is approximately S\$90.0 million
- The Manager intends to draw down on existing loan facilities to fully fund the capital expenditure progressively over the renovation period
- Based on the projected incremental net property income on a stabilised basis, the expected return is approximately 10.0%

Expected Start Date	▪ 2Q 2020
Expected Completion	▪ End 2021
Contribution to capital expenditure	▪ Approximately S\$90.0 million
Expected Return	▪ Approximately 10%

Update on COVID-19



Impact on Operations

SG Office (53.1% of Revenue)

- Disruption in leasing activities such as viewings, handovers and fitting-out
- Longer leasing lead time as occupiers focus on cost containment, and re-evaluate space requirements. Expansions and relocations on hold while renewals are prioritised

SG Hospitality (21.7% of Revenue)

- Travel restrictions on inbound travellers have affected demand for accommodation, with postponement or cancellation of planned MICE and social events
- Food & beverage outlets remain open for deliveries and takeaways
- Alternative sources of demand include guests on self-isolation as well as workers affected by border shutdowns

SG Retail (17.1% of Revenue)

- Safe-distancing measures and travel restrictions on inbound travellers have affected tourist demand and shopper footfall
- The “circuit breaker” announced by the Singapore Government ordering all non-essential trades to close temporarily, from 7 April 2020 until 1 June 2020, will continue to impact on tenants’ operations
- Rental rebates and flexible payment schemes have been extended to eligible tenants

Shanghai Office & Retail (8.1% of Revenue)

- Extension of the Lunar New Year holiday (effectively extending office closures) in February. Curtailed retail malls’ operating hours, strongly encouraged work-from-home arrangements and other social distancing measures which disrupted businesses
- With the relaxation of measures from end March, businesses have gradually resumed normal operations

Priorities and Mitigation for 2020

- ✓ Preserve sustainable long term returns for Unitholders
- ✓ Focus on cost management and cash conservation, and maintaining financial flexibility
- ✓ Tenant retention through proactive lease management

Operations

- Suspension of non-essential capital and operating expenditure across OUE C-REIT's properties
- More flexible leasing terms to selected tenants to sustain occupancy
- Cost containment measures have been implemented to manage staff costs and overheads at OUE C-REIT's hotels; Singapore Government's assistance packages such as wage and tax reliefs have also provided some support

Capital Management

- Approximately S\$596 million of borrowings due in the latter part of 2020 will be refinanced ahead of maturity. Average cost of debt is expected to remain stable
- Balance sheet remains healthy, with available credit facilities to tap on where necessary
- Debt headroom of approximately S\$570 million and S\$1.3 billion to regulatory limits of 45% and 50% respectively



Thank You